

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7016

BILL NUMBER: HB 1250

NOTE PREPARED: Jan 10, 2010

BILL AMENDED:

SUBJECT: Small Business Loan Guarantee Program.

FIRST AUTHOR: Rep. DeLaney

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill provides for an increase in the funding available for the purposes of the Indiana Economic Development Corporation's Small Business Loan Guarantee Program.

Effective Date: Upon passage.

Explanation of State Expenditures: *Indiana Economic Development Corporation (IEDC):* This bill provides that the State Budget Agency shall reassign an amount determined by the General Assembly from the appropriations made to the IEDC for the current biennium to supplement funding to the Small Business Loan Guarantee Program. The IEDC was appropriated \$6.7 M for each of FY 2010 and FY 2011. The Industrial Development Project Guaranty Fund, which funds the program, had a balance of \$6.4 M at the end of FY 2009. The bill does not specify how much will be reassigned or when the reassignment will occur, so any impact will depend upon the actions of the General Assembly and the State Budget Agency.

Background Information - Small Business Loan Guarantee Program (Industrial Development Loan Guaranty Program): This program is designed to assist borrowers obtain financing when they do not qualify for conventional financing. It has provided over 80 loans totaling more than \$86.5 M in guaranteed loans to Indiana businesses since its inception. The program provides a guaranty, similar to federal guaranty tools, to a lender that makes loans to Indiana businesses considered to be high growth and highly skilled. The maximum guaranty amount is \$300,000. Applications are reviewed by the IEDC's Small Business and Entrepreneurship Division Loan Committee.

The number and amount of loans granted for FY 2005 through FY 2009 are provided below.

Fiscal Year	Number of New Loans	Amount
FY 2005	1	\$800,000
FY 2006	2	\$604,000
FY 2007	1	\$400,000
FY 2008	0	0
FY 2009	1	\$2.5 M
TOTAL	5	\$4.3 M

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: State Budget Agency; IEDC.

Local Agencies Affected:

Information Sources: Matt Tuohy, IEDC, 317-233-9138; Eric Shields, IEDC, 317-234-3997; Auditor's Data.

Fiscal Analyst: Jessica Harmon, 317-232-9854.